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TO: Executive Secretariat and Department Chief Fiscal Officers  
FROM: Mike Esmond, Budget Director  
CC: Cabinet Secretaries, Executive Branch Department Heads, Executive Branch Department Budget Directors, Executive Branch Department MMARS Liaisons  
DATE: April 1, 2011  
RE: **May 13<sup>th</sup> Deadline for Fiscal Year 2011 Encumbrances**

**Executive Branch departments must conclude FY2011 encumbering activity against budgeted fund accounts by Friday, May 13, 2011. Details follow.**

The purposes of this memo are to ensure that all departments are clear on how the May 13<sup>th</sup> deadline will affect them, and to communicate how and under what circumstances a department may request an exception to the deadline.

As explained in the FY2011 Closing Instructions to be issued by the Office of the Comptroller, the Administration and Finance policy for encumbering at the end of FY2011 is very similar to FY2010. This means that Executive Branch departments under the authority of the Governor must conclude their FY2011 encumbering activity in budgeted fund accounts by Friday, May 13, 2011.

**May 13<sup>th</sup> Encumbrance Deadline**

- ☐ Budgetary accounts (appropriation types 1CN, 1CS, 1RN, 1RS, 1IN, and 1IS):  
After Friday, May 13, 2011, departments whose three letter codes listed below should not be submitted in MMARS if they total \$25,000 or more in a budgetary account, without receiving prior approval from ANF.

|     |     |     |     |     |     |     |     |     |     |     |     |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| AGR | CAD | CSC | DMH | DOL | DPU | EHS | EPS | HRD | MMP | OSC | SCA |
| ALA | CDA | DCP | DMR | DOR | DSS | ELD | EQE | ITD | MRB | OSD | SEA |
| ANF | CHE | DCR | DOB | DOS | DYS | ELW | FWE | LIB | MRC | PAR | SOR |
| ATB | CHS | DFS | DOC | DOT | EDU | ENE | GIC | MCB | OCD | POL | TAC |
| BLC | CJT | DIA | DOE | DPH | EEC | ENV | HCF | MCD | OHA | REG | VET |
| BSB | CME | DLR | DOI | DPS | EED | EOL | HLY | MIL | ORI | RGT | WEL |

Note that while ANF approval will be required only for the transactions listed below involving increases of \$25,000 or more, departments are requested to conclude all encumbering activity using all transactions by June 11<sup>th</sup>.

|     |                                |     |                         |
|-----|--------------------------------|-----|-------------------------|
| CT  | Contract Transaction           | PH  | Payroll Hold            |
| GAE | General Accounting Encumbrance | RPO | Recurring Payment Order |
| PC  | Commodity Purchase Order       |     |                         |

- ☐ Capital, federal or trust accounts (appropriation types 2CN, 3TN, 3TX or 4FN):  
Encumbrance transactions that total less than \$25,000, or are submitted by departments other than those listed above do not require ANF approval after May 13<sup>th</sup>. (Appropriation type is identified on each account's record on the MMARS APPR table.)

Departments must not respond to the deadline by over-encumbering prior to May 13<sup>th</sup>. Encumbrances must correspond to departments' best projection of the amount of funds actually needed to meet valid obligations, including some small but reasonable margin for error. Administration and Finance will take appropriate steps to discourage the practice in departments that have a history of excessive late encumbering and subsequent reversion of unneeded funds.

#### **Circumstances Allowing ANF Approval after May 13, 2011**

**While it is reasonable to anticipate that, in rare instances, unforeseeable circumstances may require some encumbrances and encumbrance modifications to be processed during June, every reasonable effort must be made to avoid this. Departments should not expect any discretionary encumbrance transactions involving increases of \$25,000 or more in budgeted fund accounts to be approved in June, and are urged to manage their work now to meet the deadline. Please proceed with the realistic expectation that exceptions to the May 13<sup>th</sup> deadline will be extremely rare, and that any exception request received by Administration and Finance after Friday, June 10 is unlikely to be approved.**

The only circumstances under which departments should request approval from Administration and Finance after May 13<sup>th</sup> are as follows:

- 1) **Late Supplemental** The transaction is required in order to make use of supplemental budget funding that was not available prior to May 13<sup>th</sup>, where the spending is in line with plans approved by Administration and Finance.
- 2) **Deficiency Avoidance** The zero-sum transaction is a clearly necessary element of a plan to avoid deficiency spending, which has been approved by Administration and Finance, and which could not be implemented prior to May 13<sup>th</sup>.
- 3) **Late Action by Oversight Agencies** The transaction is required by revisions in non-discretionary chargeback costs, approval of employee payroll adjustments, or other actions by oversight agencies outside the control of the affected department and executive office, which were not communicated prior to May 13<sup>th</sup>.
- 4) **Direct Care/Public Safety Emergency** The transaction is absolutely essential in order to prevent harm to patients or inmates in the custody of the Commonwealth, or to address some other emergency situation that poses a clear and present danger to health, safety, or property.

Departments are strongly advised to interpret these exception criteria very strictly, and to act in good faith and with good judgment by not submitting any requests for approval which do not clearly and genuinely meet one of these four criteria.

### **Process for Requesting Encumbrance Approval after May 13, 2011**

The Chief Fiscal Officer must complete an encumbrance approval request on the ANF Platform program that:

- a) Identifies which of the four **specific exception criteria** listed above applies to the transaction or transactions for which approval is requested;
- b) Gives a very **brief description** of the goods or services covered by the transaction;
- c) Provides a **justification statement** that is succinct but includes sufficient information to make it clear that the transaction meets the specific exception criterion specified; the statement must indicate why the transaction could not be completed prior to May 13<sup>th</sup>; and
- d) Includes certain **technical information** on the transaction involved:
  - 1) MMARS document ID and version number (e.g., CT ANF 1000 060505000000000000151 1);
  - 2) Dollar amount of increase or decrease.

A separate request must be entered for each transaction. To enter a new request, or to review the status of a request, select "Late Encumbrance Requests" from the "Ongoing" drop-down menu. Email notifications of new entries will be sent to ANF analysts each morning. Approval information will be entered directly in the Platform, and an email notification will be sent to the individual who added the request the next morning. If a transaction is approved, the department may submit the document in MMARS to Workflow or Final, as applicable. If ANF does not approve the request, the department must either discard the document from MMARS, or the services to be performed or the goods to be purchased need to occur in FY2012.

To access the Platform program, it must first be installed on your desktop. Please go to <http://www.anf.state.ma.us/forms/platform/default.htm> for instructions on how to install the application. After installing it, double-click on the icon on your desktop. Further notification will be provided to you when the Platform program is open for agencies to request late encumbrances. To add a new user or if you have trouble accessing the program, please email [Password.FADSQL@state.ma.us](mailto:Password.FADSQL@state.ma.us).

Note that some of the transactions listed on Page 1 have other Workflow rules in MMARS and require documentation to be submitted to either the Operational Services Division or the Office of the Comptroller. **This process remains the same, and departments must submit the standard required documentation directly to OSD or to the Comptroller's Office for processing in MMARS, not to Administration and Finance. Only the Platform data entry form requesting approval of late encumbering should be submitted to Administration and Finance.** Transactions that require additional approval will be reviewed by OSD or the Comptroller's Office when, and if, they have received ANF approval.

Thank you for your continued cooperation.